GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:227
ANSWERED ON:13.08.2007
INCREASE IN BUFFER STOCK OF SUGAR
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether there is any proposal to raise the buffer stock of sugar in view of bumper production of sugar in the country during the current year;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether the sugar industry is facing difficulties in payment of sugarcane arrears to farmers due to fall in sugar prices; and

(e) if so, the steps taken by the Union Government to mitigate the difficulties faced by the industry?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a), (b) & (c): The Central Government has already created a buffer stock of 20 lac tons for a period of one year from 1.05.2007 to 30.04.2008 and an additional buffer stock of 30 lac tons for one year from 1.08.2007 to 31.07.2008. There is no proposal under consideration of the Government to raise the buffer stock further.

(d) & (e): The Central Government has taken the following steps to mitigate the difficulties faced by the sugar factories:-

(i) A buffer stock of 50 lac tons of sugar has been created as stated in the para above. The buffer subsidy will be paid to sugar mills to cover the cost of interest, storage and insurance charges subject to prescribed limits. The cost of such subsidy is estimated at about Rs. 945 crore for one year. Further, banks would provide additional credit of about Rs. 1050 crore on creation of 50 lac tons of buffer for one year. The buffer subsidy and the additional credit are to be used exclusively for the payment of cane prices;

(ii) Export assistance to defray a part of the expenditure incurred for the purpose of internal transport and freight charges (which would include ocean freight and handling & marketing charges) on exports of its domestically manufactured sugar, which includes raw sugar, exported by a sugar factory itself or through an exporter or any third party exporter at the rate of Rs. 1350 per ton for sugar factories located in coastal States and Rs. 1450 per ton for sugar factories located in non-coastal States. Exports made under Open General License (OGL) only (and not under `Advance License`) on or after 19th April, 2007 and within 18th April, 2008 or till further orders, whichever is earlier, would be eligible for this assistance.

(iii) The sugar meant for export would be exempted from the levy obligation and the quantity of sugar released for export would be treated as advance non-levy (free sale) releases to be adjusted in the free sale stocks of sugar factories after a period of 12 months (from 03.01.2007 to 02.01.2008 for exports under Advance Authorization Scheme and from 23.01.2007 to 22.01.2008 under Open General License); and

(iv) The ban on export of sugar has been lifted in January, 2007 and the requirement of obtaining export release order has been done away with from 31.07.2007 for export of sugar in 2006-07 and 2007-08 sugar seasons, that is, upto 30th September, 2008 or till further orders, whichever is earlier, except for export to member countries of European Union and United States.